

Linda M. Ghelfi

What Do Nonemployers Contribute to Retail and Service Opportunities in the Great Plains?

The vitality of local economies and the quality of life of residents partially rely on the variety and accessibility of retail trade and services. The ability of communities to support a wide range of such purchasing opportunities depends to a large extent on the size of the local population, proximity to larger markets, the income level of the population, and local consumers' tastes and preferences. Nonemployers, establishments run by owners with no employees, play a role in providing retail and service options (see "What Is a Nonemployer?"). They are especially prevalent in small communities, where small operations can fulfill demand, and in niche markets for specialized products or services, where small operations can also fulfill demand, regardless of the size of the community.

Most datasets on establishments count only those firms with employees, excluding nonemployers. By examining data on employers and nonemployers from the 1992 Censuses of Retail Trade and Services, the contribution of nonemployers becomes evident. And, for this special issue of *RDP*, their role in the rural Great Plains is of particular interest.

Service Nonemployers Concentrated in Personal and Business Services; Retail Nonemployers Concentrated in Miscellaneous Category

Nonemployers in the services industries are concentrated in personal and business services. The two industries account for about 45 percent of the service nonemploy-

ers in rural areas in both the Great Plains and elsewhere (table 1). Personal services include such businesses as laundries, drycleaners, photographic portrait studios, beauty shops and barbers, shoe repairers, funeral homes, and tax preparers. Business services include advertisers, commercial mailing services, photocopying shops, commercial art and photographic services, building cleaning and pest control, equipment rental and leasing, temporary employment agencies, computer programming and data processing firms, detective, guard, and armored car services, security system monitors, news syndicates, photofinishing labs, bondspersons, drafting services, lecture bureaus, notaries public, and commercial sign painters.

Social and other professional services (engineering, accounting, research, and management) account for an additional 25 percent of service nonemployers in the rural

What Is a Nonemployer?

Nonemployers are firms with no paid employment during 1992. Nonemployers in retail trade must have reported at least \$1,000 in sales in 1992 to be counted in the census. Nonemployers in the service industries must have reported at least \$1,000 in taxable receipts in 1992 to be counted in the census. Service nonemployers must also be subject to Federal income taxes. Establishments exempt from Federal income tax with no paid employees were excluded as they have been in previous service industries censuses. For more detailed information on the retail and service industries censuses' data collection techniques, see the summary reports listed in "For Further Reading," p. 68.

Linda Ghelfi is a senior economist in the Food Assistance, Poverty, and Well-Being Branch, Food and Rural Economics Division, ERS, USDA.

Table 1

Service employers and nonemployers by location and industry, 1992

Nonemployers are more likely to be in personal, business, and social services, while employers are more likely to be in health services

Location and industry	Nonemployers				Employers			
	Nonmetro		Metro		Nonmetro		Metro	
	Establish- ments	Distribution by industry	Establish- ments	Distribution by industry	Establish- ments	Distribution by industry	Establish- ments	Distribution by industry
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Great Plains:								
Total services	115,213	100.0	210,537	100.0	24,732	100.0	52,923	100.0
Hotels, camps, and other lodging	1,278	1.1	878	.4	1,671	6.8	1,204	2.3
Personal services	23,732	20.6	33,945	16.1	3,409	13.8	5,202	9.8
Business services	27,749	24.1	54,859	26.1	2,371	9.6	9,361	17.7
Auto repair, services, and parking	8,529	7.4	8,059	3.8	3,006	12.2	5,020	9.5
Miscellaneous repair services	6,081	5.3	5,568	2.6	1,597	6.5	2,188	4.1
Amusement and recreation services	7,159	6.2	15,279	7.3	1,906	7.7	2,780	5.3
Health services	5,369	4.7	15,170	7.2	5,332	21.6	12,056	22.8
Legal services	1,141	1.0	5,160	2.5	2,042	8.3	4,617	8.7
Select educational services	3,190	2.8	7,346	3.5	53	.2	530	1.0
Social services	18,731	16.3	26,109	12.4	967	3.9	1,701	3.2
Other professional services*	10,460	9.1	33,338	15.8	2,282	9.2	7,727	14.6
Other services**	1,794	1.6	4,826	2.3	96	.4	537	1.0
Other counties:								
Total services	1,069,320	100.0	5,372,986	100.0	249,691	100.0	1,498,089	100.0
Hotels, camps, and other lodging	16,709	1.6	25,398	.5	16,485	6.6	29,259	2.0
Personal services	227,970	21.3	838,172	15.6	30,974	12.4	157,516	10.5
Business services	250,729	23.4	1,416,324	26.4	26,675	10.7	268,144	17.9
Auto repair, services, and parking	79,322	7.4	186,437	3.5	26,964	10.8	136,980	9.1
Miscellaneous repair services	51,823	4.8	134,703	2.5	11,822	4.7	55,969	3.7
Amusement and recreation services	74,904	7.0	479,547	8.9	20,337	8.1	89,823	6.0
Health services	64,145	6.0	479,131	8.9	59,897	24.0	364,420	24.3
Legal services	13,192	1.2	155,630	2.9	19,606	7.9	125,472	8.4
Select educational services	30,988	2.9	184,449	3.4	998	.4	13,154	.9
Social services	116,858	10.9	396,591	7.4	10,476	4.2	45,979	3.1
Other professional services*	120,818	11.3	919,565	17.1	24,204	9.7	198,672	13.3
Other services**	21,862	2.0	157,039	2.9	1,253	.5	12,701	.8

* Engineering, accounting, research, and management services.

** Scientific consultants, authors, lecturers, radio commentators, song writers, weather forecasters, writers, and artists working on their own account, and, within nonemployers, some businesses for which there was not enough information to classify them in a particular service industry.

Source: Calculated by ERS using data from the 1992 Census of Service Industries.

Great Plains and 22 percent in rural areas elsewhere. Nonemployers in the rural Great Plains are much more concentrated in the social services than are nonemployers elsewhere. The social services include child day care services; individual and family social, counseling, welfare, and referral services; job training and vocational rehabilitation; residential care facilities for children, the aged, and persons with special needs (excluding facilities where medical care is a major element); and establishments engaged in community improvement and social change (such as community action agencies, community chests, regional planning organizations, and advocacy groups). At the national level, 88 percent of nonemployers providing social services provide child day care services. Comparable data are not available at the county level, but

service providers in the rural Great Plains are probably concentrated in child day care as well.

Compared with employers, the rural nonemployers are much more concentrated in personal, business, and social services. The employers are much more likely to provide health services than the nonemployers, undoubtedly because health services are most often provided in hospitals, clinics, and long-term care facilities that employ staff.

Over half of the retail nonemployers in all areas are classified in the miscellaneous category (table 2). They run such businesses as used goods or antique stores, book, toy, jewelry, camera, luggage, or fabric stores, mail-order operations, fuel dealerships, or other specialty shops. By comparison, only 16 to 23 percent of retail employers are clas-

Table 2

Retail employers and nonemployers by location and industry, 1992

Nonemployers are concentrated in miscellaneous retail while employers are more evenly distributed across the retail subsectors, but with the highest likelihood of operating eating or drinking establishments

Location and industry	Nonemployers				Employers			
	Nonmetro		Metro		Nonmetro		Metro	
	Establish- ments	Distribution by industry	Establish- ments	Distribution by industry	Establish- ments	Distribution by industry	Establish- ments	Distribution by industry
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Great Plains:								
Total retail	24,394	100.0	29,606	100.0	31,049	100.0	38,373	100.0
Building materials/garden supplies	862	3.5	800	2.7	2,070	6.7	1,502	3.9
General merchandise	519	2.1	642	2.2	978	3.1	703	1.8
Food stores	1,387	5.7	1,520	5.1	3,715	12.0	3,329	8.7
Automotive dealers	2,441	10.0	3,276	11.1	2,470	8.0	2,517	6.6
Gas service station	832	3.4	305	1.0	3,111	10.0	2,726	7.1
Apparel/accessory	1,096	4.5	1,733	5.9	2,249	7.2	3,490	9.1
Furniture/furnishing	1,672	6.9	2,267	7.7	1,706	5.5	2,869	7.5
Eating and drinking	2,592	10.6	2,442	8.2	8,594	27.7	11,570	30.2
Drug and proprietary*	101	.4	75	.3	1,136	3.7	842	2.2
Miscellaneous**	12,892	52.8	16,546	55.9	5,020	16.2	8,825	23.0
Other counties:								
Total retail	262,988	100.0	828,512	100.0	308,448	100.0	1,148,345	100.0
Building materials/garden supplies	9,402	3.6	24,369	2.9	19,131	6.2	46,780	4.1
General merchandise	6,250	2.4	20,599	2.5	10,340	3.4	22,585	2.0
Food stores	24,234	9.2	69,920	8.4	41,217	13.4	132,307	11.5
Automotive dealers	30,104	11.4	74,512	9.0	24,914	8.1	66,472	5.8
Gas service station	6,278	2.4	6,833	.8	27,000	8.8	72,497	6.3
Apparel/accessory	12,053	4.6	60,434	7.3	22,799	7.4	116,952	10.2
Furniture/furnishing	16,571	6.3	58,485	7.1	19,176	6.2	86,322	7.5
Eating and drinking	25,571	9.7	93,666	11.3	79,044	25.6	334,400	29.1
Drug and proprietary*	617	.2	2,238	.3	10,991	3.6	35,173	3.1
Miscellaneous**	131,908	50.2	417,456	50.4	53,836	17.5	234,857	20.5

* Proprietary stores sell nonprescription medicines.

** Miscellaneous includes tobacco stands and stores; news dealers and newsstands; fuel dealers; florists; bicycle, hobby, game, gift, novelty, souvenir, and toy shops; optical goods, sporting goods, book, stationery, jewelry, camera and photographic supply, luggage and leather goods, sewing, needlework, and piece goods, liquor, and used goods stores; catalog and mail-order houses, automatic merchandising machine operations; and, within employers, direct selling establishments. Also included in this group are establishments engaged in sale of specialized lines of merchandise, such as artists' supplies, orthopedic and artificial limbs, rubber stamps, pets and supplies, religious goods, and monuments and tombstones.

Source: Calculated by ERS using data from the 1992 Census of Retail Trade.

sified in the miscellaneous group. Employers are more concentrated than nonemployers in eating and drinking establishments. Like the health services, those retail establishments tend to be too large to run without the help of employees.

Nonemployers Account for Large Shares of Service and Retail Establishments...

The number of nonemployers in the service industries dwarfs the number of employers. Overall, 82 percent of service establishments in the rural Great Plains are nonemployers (table 3). By industry type, nonemployers range from 36 percent of legal services firms to 98 percent of the selected educational services included in the Economic Census of Services. (Libraries, technical schools, and other specialty schools such as drama, cooking, or

flight instruction are included. Elementary and secondary schools, colleges, universities, and professional schools, and junior colleges and technical institutes offering academic degrees are outside the scope of the census.) The percentages in the rural Great Plains are quite similar to those in other rural areas. The widest differences are lower percentages of lodging and legal services and a higher percentage of social services establishments run by nonemployers in the rural Great Plains.

In retail trade, nonemployers are a minority of establishments, but by a small margin (table 3). In the rural Great Plains, 44 percent of retail establishments are nonemployers. Nonemployers comprise a much larger share of miscellaneous retail—72 percent. In other industry types, nonemployers range from 8 percent of drug and propri-

Table 3

Nonemployers as shares of all service and retail establishments, 1992*Nonemployers account for four out of every five service establishments*

Industry	Great Plains		Other counties	
	Nonmetro	Metro	Nonmetro	Metro
Percent				
Total services	82.3	79.9	81.1	78.2
Hotels, camps, and other lodging	43.3	42.2	50.3	46.5
Personal services	87.4	86.7	88.0	84.2
Business services	92.1	85.4	90.4	84.1
Auto repair, services, and parking	73.9	61.6	74.6	57.6
Miscellaneous repair services	79.2	71.8	81.4	70.6
Amusement and recreation services	79.0	84.6	78.6	84.2
Health services	50.2	55.7	51.7	56.8
Legal services	35.8	52.8	40.2	55.4
Select educational services	98.4	93.3	96.9	93.3
Social services	95.1	93.9	91.8	89.6
Other professional services	82.1	81.2	83.3	82.2
Other services	94.9	90.0	94.6	92.5
Total retail	44.0	43.6	46.0	41.9
Building materials/garden supplies	29.4	34.8	33.0	34.3
General merchandise	34.7	47.7	37.7	47.7
Food stores	27.2	31.3	37.0	34.6
Automotive dealers	49.7	56.6	54.7	52.9
Gas service station	21.1	10.1	18.9	8.6
Apparel/accessory	32.8	33.2	34.6	34.1
Furniture/furnishing	49.5	44.1	46.4	40.4
Eating and drinking	23.2	17.4	24.4	21.9
Drug and proprietary	8.2	8.2	5.3	6.0
Miscellaneous retail	72.0	65.2	71.0	64.0

Note: See table 1 for definitions of other professional and other services and table 2 for definitions of proprietary and miscellaneous retail.

Source: Calculated by ERS using data from the 1992 Censuses of Service Industries and Retail Trade.

etary establishments to 50 percent of auto dealers and furniture/home furnishings establishments. Nonemployers in other rural areas account for similar shares of retail industries as do rural Great Plains nonemployers, with the exception of a 10-percentage-point difference in the share of food stores—nonemployers are 27 percent of rural Great Plains food stores compared with 37 percent of rural food stores elsewhere.

But Account for Much Smaller Shares of Service Receipts and Retail Sales

While nonemployers account for large shares of service and retail establishments, they usually operate very small businesses. The average taxable receipts of service nonemployers in the rural Great Plains amounted to \$13,150 in 1992 (table 4). Those running some type of lodging averaged the highest amount, \$32,885, with health and legal service businesses not too far behind. At the low end were educational service establishments, averaging \$4,433, and social services, averaging \$5,958. Many of these businesses may be secondary sources of income for the owners and their families, and the businesses may be less than full-time operations. For example, some day

care providers in social services may provide after school care for 2 to 3 hours per school day.

Although the average receipts of nonemployers are very low compared with those of employers, the total receipts of nonemployers in the rural Great Plains account for 19 percent of all service establishments' taxable receipts (table 5). That is larger than the 16 percent of receipts they account for in other rural areas and larger than the 11 percent they account for in urban areas of the Great Plains.

Nonemployers in retail trade average higher sales than the service providers average in receipts. In the rural Great Plains, nonemployers average \$40,510 in retail sales (table 6). Gas service stations, at \$131,863, have the highest average sales, followed by automotive dealers at \$90,561. A middle group of nonemployer retailers—building materials and garden supplies, food stores, and furniture and home furnishings—average sales in the \$41,000 to \$51,000 range. The remaining retailers, including the miscellaneous group that includes half of the non-

Table 4

Average taxable receipts of service employers and nonemployers, 1992*Nonemployers run much smaller businesses as indicated by their low taxable receipts compared with employers' receipts*

Location and service industry	Nonemployers		Employers	
	Nonmetro	Metro	Nonmetro	Metro
Dollars				
Great Plains:				
Total services	13,150	17,754	269,121	554,366
Hotels, camps, and other lodging	32,885	43,923	389,645	1,062,688
Personal services	10,192	13,142	135,095	230,284
Business services	12,110	16,464	258,512	724,005
Auto repair, services, and parking	25,039	28,746	210,593	391,801
Miscellaneous repair services	18,235	21,461	254,181	391,663
Amusement and recreation services	11,902	12,794	223,531	535,055
Health services	30,708	38,985	461,373	668,736
Legal services	26,726	36,343	204,571	497,041
Select educational services	4,433	7,682	NA	583,924
Social services	5,958	8,127	97,077	220,484
Other professional services	10,788	18,153	262,668	602,417
Other services	21,068	31,526	111,500	467,975
Other counties:				
Total services	15,329	22,499	356,485	719,304
Hotels, camps, and other lodging	32,263	48,131	589,607	1,788,813
Personal services	11,103	15,628	156,373	233,003
Business services	13,567	21,103	367,898	963,241
Auto repair, services, and parking	26,006	32,034	242,566	443,837
Miscellaneous repair services	19,425	24,274	272,468	476,880
Amusement and recreation services	13,939	19,413	301,464	941,020
Health services	32,405	41,234	538,490	703,255
Legal services	32,089	43,091	250,788	748,389
Select educational services	6,220	9,090	247,354	523,740
Social services	6,531	9,509	144,612	254,691
Other professional services	14,566	22,103	305,131	890,512
Other services	26,404	37,824	269,922	597,399

NA = Too few firms in this industry; receipts not reported.

Note: Average receipts are based on establishments with taxable receipts reported. For confidentiality reasons, receipts were not reported by the census for establishments in a few counties that had very few establishments in these industries.

Source: Calculated by ERS using data from the 1992 Census of Service Industries.

employers, average much lower sales, in the \$20,000 to \$26,000 range.

The average sales of employers in retail trade are much higher than those of nonemployers. Of total retail sales in the rural Great Plains, nonemployers account for only 4 percent (table 7). Within the miscellaneous group, however, nonemployers account for 28 percent of retail sales. That is much higher than the 20 percent they account for in other rural areas and much higher than the 10 percent of sales they account for in urban areas of the Great Plains. The miscellaneous group contains an eclectic group of businesses. At the national level, 28 percent of the miscellaneous nonemployer retailers are in a subset including tobacco stores, newsstands, and specialized lines of merchandise such as artists' supplies, orthopedic and artificial limbs, rubber stamps, pets, religious goods, and monuments and tombstones. Another 18 percent sell

used or antique merchandise, and 10 percent are catalog or mail-order merchants. The percentages of nonemployers are at least twice as high as the percentages of employers in those three groups. Whether miscellaneous nonemployer retailers in the Great Plains are distributed like the national retailers is unknown, but the implication is that these particular niche markets within miscellaneous retail trade provide many retail opportunities that nonemployers can fill without paid help.

Population and Income Relate to the Geographic Distribution of Services and Retail

Closeness to larger markets, the number of local residents, and their incomes are all related to the demand for and provision of service and retail purchasing opportunities. To investigate these relationships, I calculated ratios of employers and nonemployers to every 1,000 residents and ratios of receipts and sales to every \$1,000 of residents'

Table 5

Nonemployers' shares of all taxable service receipts, 1992*Nonemployers in services industries in the rural Great Plains account for 19 percent of receipts*

Service industry	Great Plains		Other counties	
	Nonmetro	Metro	Nonmetro	Metro
Percent				
Total services	18.6	11.3	15.6	10.1
Hotels, camps, and other lodging	4.8	3.3	5.5	2.7
Personal services	36.2	27.5	35.0	26.5
Business services	38.1	11.9	26.8	10.5
Auto repair, services, and parking	26.3	10.5	24.5	9.1
Miscellaneous repair services	24.8	12.5	27.2	11.3
Amusement and recreation services	18.8	11.7	15.6	10.1
Health services	5.8	6.7	6.0	7.2
Legal services	4.9	7.4	7.1	6.7
Select educational services	100.0*	17.9	72.7	23.2
Social services	80.6	40.3	44.4	26.9
Other professional services	17.6	11.6	20.3	10.5
Other services	97.6	44.3	89.3	51.9

*No receipts reported for employer establishments in Great Plains nonmetro areas.

Note: Based on establishments with reported receipts. Receipts were suppressed by the censuses in a few counties with very few establishments in the specific type of industry.

Source: Calculated by ERS using data from the 1992 Census of Service Industries.

income for groups of counties based on adjacency to metro areas and size of own largest city.

In the service industries, the ratios of employers and nonemployers to population are highest in urban areas in both the Great Plains and elsewhere (fig. 1). Among nonmetro county types, nonadjacent counties with their own cities of at least 10,000 residents have the largest number of employers relative to population. Nonemployers are much more evenly distributed relative to population. In the Great Plains, all the nonmetro county types have 27 to 29 nonemployers per 1,000 residents. There are somewhat fewer nonemployers relative to population in nonmetro areas outside the Great Plains, ranging from 22 to 24 per 1,000 residents.

The ratio of taxable receipts per \$1,000 of personal income has a very similar relationship with county type. The ratios of employers' and nonemployers' taxable receipts to income are highest in urban areas in both the Great Plains and elsewhere. The nonmetro counties that are adjacent to the urban areas have much lower ratios of receipts to income. Among the nonadjacent counties, the receipts of nonmetro service employers are highest relative to income in the counties with cities, falling off rapidly as urbanization declines to counties with towns and to totally rural counties. The receipts of nonemployers vary little by level of urbanization, averaging \$21 to \$24 per \$1,000 of residents' income in all types of nonmetro counties.

The distribution of retail trade establishments relative to population is quite different from the services distribution, especially in the Great Plains. Overall, there are fewer retail employers and nonemployers relative to population in urban areas than in rural areas (fig. 2). In the Great Plains, the more rural the county, the larger the ratios of retail establishments to population tend to be. Outside the Great Plains, nonemployer ratios follow that trend, but ratios of employers to population decline with increasing rurality.

The ratios of retail sales to income also differ from those of services. Employers' retail sales relative to income are highest in nonadjacent nonmetro counties with cities, both in the Great Plains and elsewhere. In the Great Plains, urban employers' sales are almost as high as that (\$422 compared with \$454), but elsewhere, urban employers' sales are much lower relative to income. The ratio of employers' retail sales to income declines as urbanization declines. Conversely, nonemployers' sales are highest relative to income in the nonadjacent totally rural counties. They decline with increasing urbanization. The counties that are adjacent to metro areas don't follow the trends that the nonadjacent counties do. The adjacent group is a mix of counties with and without their own cities and some counties are associated with small metro areas while others are associated with large metro areas. That diversity may explain part of their mixed results. There are too few adjacent counties in the Great Plains to make a more detailed comparison of the various types of adjacent counties to their counterparts in other areas.

Table 6

Average sales of retail employers and nonemployers, 1992*Like service receipts, retail sales by nonemployers average much lower than employers' sales*

Retail industry	Nonemployers		Employers	
	Nonmetro	Metro	Nonmetro	Metro
Dollars				
Great Plains:				
Total retail	40,510	42,227	771,471	1,328,341
Building materials/garden supplies	49,509	54,992	660,415	1,704,673
General merchandise	24,081	25,791	4,495,867	11,063,042
Food stores	51,311	51,900	1,435,724	2,715,350
Automotive dealers	90,561	111,978	2,198,172	4,771,345
Gas service station	131,863	150,927	863,291	1,286,633
Apparel/accessory	25,980	25,823	421,969	614,307
Furniture/furnishing	41,185	43,859	452,558	906,134
Eating and drinking	29,942	36,969	261,684	464,998
Drug and proprietary	20,500	NA	821,474	1,438,077
Miscellaneous retail	26,100	27,984	280,746	578,831
Other counties:				
Total retail	46,380	48,126	927,864	1,335,640
Building materials/garden supplies	57,464	57,400	1,031,242	1,616,842
General merchandise	43,878	42,020	3,348,113	9,051,167
Food stores	81,147	83,373	1,639,674	2,165,883
Automotive dealers	103,089	108,792	2,331,467	4,821,315
Gas service station	138,506	192,883	1,005,723	1,400,321
Apparel/accessory	31,991	34,239	471,352	755,802
Furniture/furnishing	44,466	48,860	489,523	935,692
Eating and drinking	32,707	41,192	334,388	481,727
Drug and proprietary	32,471	119,537	1,112,456	1,801,796
Miscellaneous retail	26,721	32,515	389,305	679,694

NA = No businesses with reported sales.

Note: Average sales are based on establishments with sales reported. For confidentiality reasons, sales of retailers in a few counties with few establishments in an industry were suppressed by the census.

Source: Calculated by ERS using data from the 1992 Census of Retail Trade.

Table 7

Nonemployers' shares of all retail sales, 1992*Nonemployers in retail trade account for only 4 percent of sales; miscellaneous trade is the only retail industry where nonemployers account for a large share of sales*

Retail industry	Great Plains		Other counties	
	Nonmetro	Metro	Nonmetro	Metro
Percent				
Total retail	4.0	2.4	4.1	2.5
Building materials/garden supplies	1.4	1.4	2.0	1.7
General merchandise	.2	.1	.5	.3
Food stores	.8	0.9	2.7	2.0
Automotive dealers	3.7	3.1	5.1	2.5
Gas service station	2.0	1.1	2.2	1.0
Apparel/accessory	1.8	1.9	2.8	2.2
Furniture/furnishing	7.2	3.7	6.8	3.4
Eating and drinking	2.9	1.6	3.0	2.3
Drug and proprietary	0*	0*	0*	.2
Miscellaneous retail	27.8	10.3	20.4	9.0

*Less than 0.05 percent.

Note: Based on establishments with reported sales. Sales were suppressed by the censuses in a few counties with very few establishments in the specific type of industry.

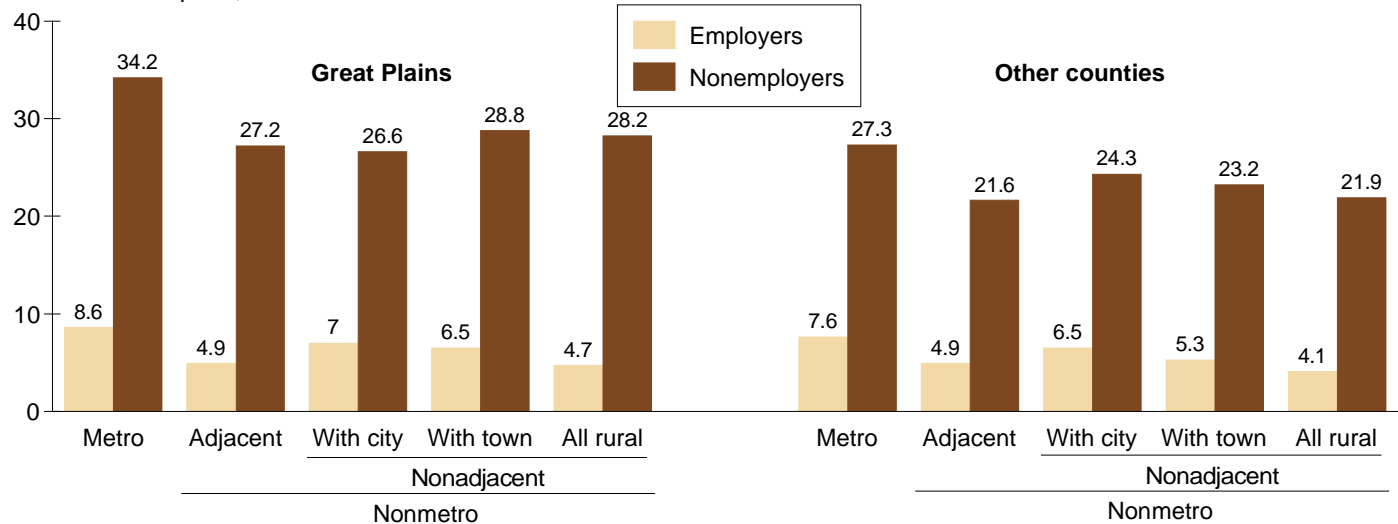
Source: Calculated by ERS using data from the 1992 Census of Retail Trade.

Figure 1

Service establishments per 1,000 residents and taxable receipts per \$1,000 of residents' personal income, 1992

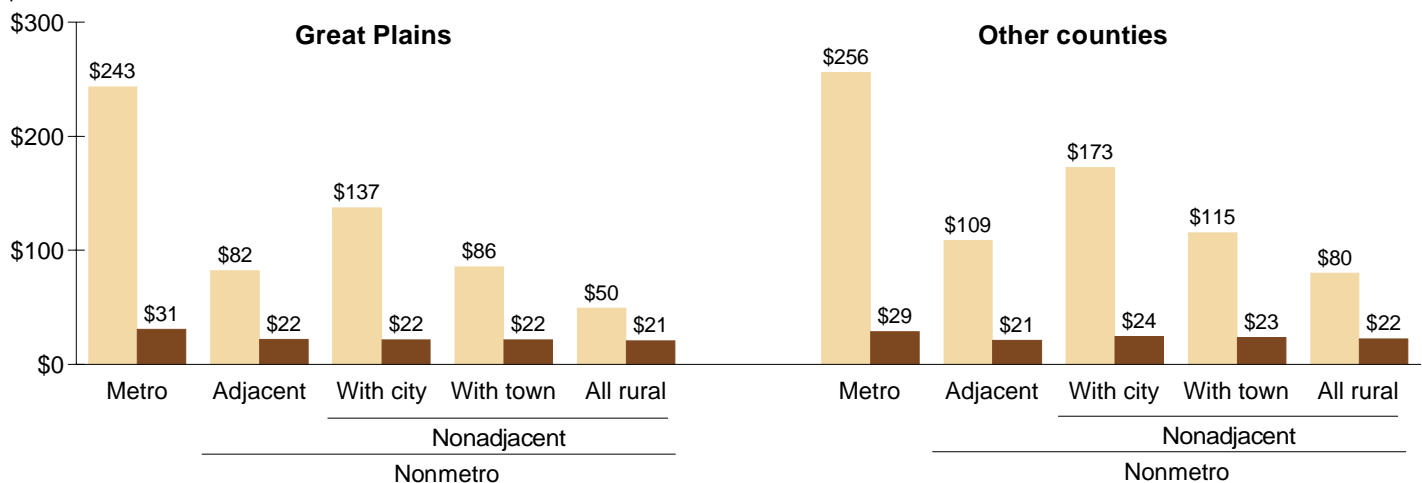
Great Plains counties at all urbanization levels average as many or more service establishments relative to population as their counterparts in other areas of the country do...

Establishments per 1,000 residents



...taxable receipts of employers relative to income rise with increasing urbanization; nonemployers' receipts average about \$22 per \$1,000 of residents' income at all levels of nonmetro areas' urbanization

Taxable receipts per \$1,000 of residents' personal income



Source: Calculated by ERS using establishment and receipts data from the 1992 Census of Service Industries, 1992 population from the Bureau of the Census, and 1992 personal income from the Bureau of Economic Analysis.

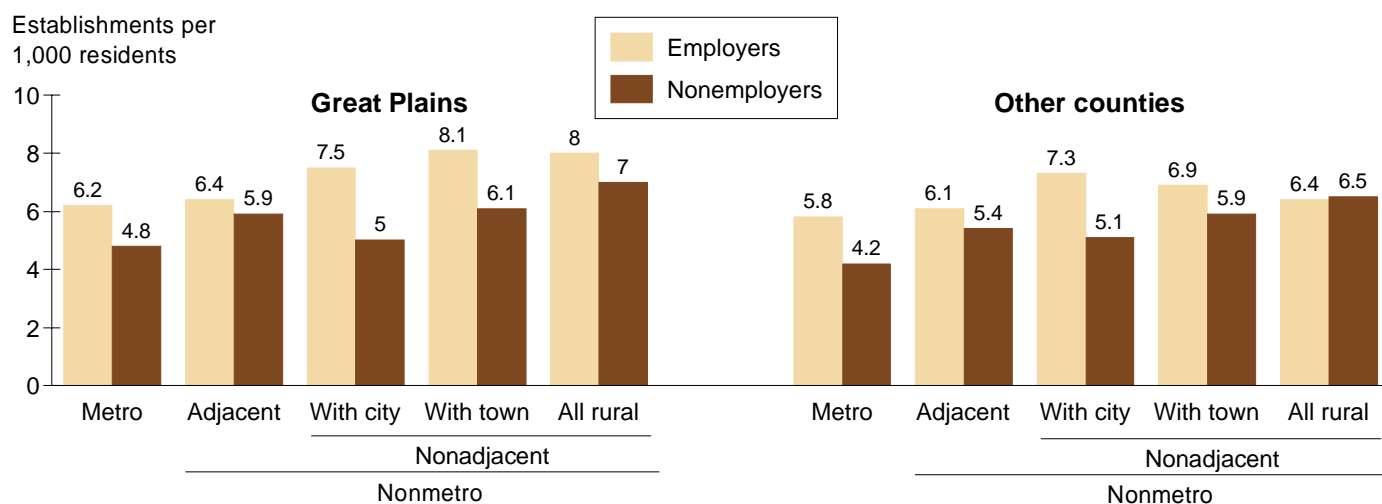
The patterns of establishment and sales distributions within the services and retail trade sectors are generally consistent with patterns of establishment size and shopping patterns. The urban areas and nonadjacent counties with cities dominate services. They are trade centers, containing a broader set of services and more specialized services. Residents of outlying areas purchase specialized services in the trade centers, accounting for some of the difference in receipts between areas. The urban areas

have fewer retail establishments relative to population, but their retailers have much higher average sales, suggesting that they tend to be larger establishments serving more customers. Retail sales are much higher relative to income than are services receipts. While shopping for more specialized items is probably concentrated in trade centers (Gale, Henderson and Hines), many retail items are staples that consumers buy in enough quantity and frequency that they are sold in even the smallest markets.

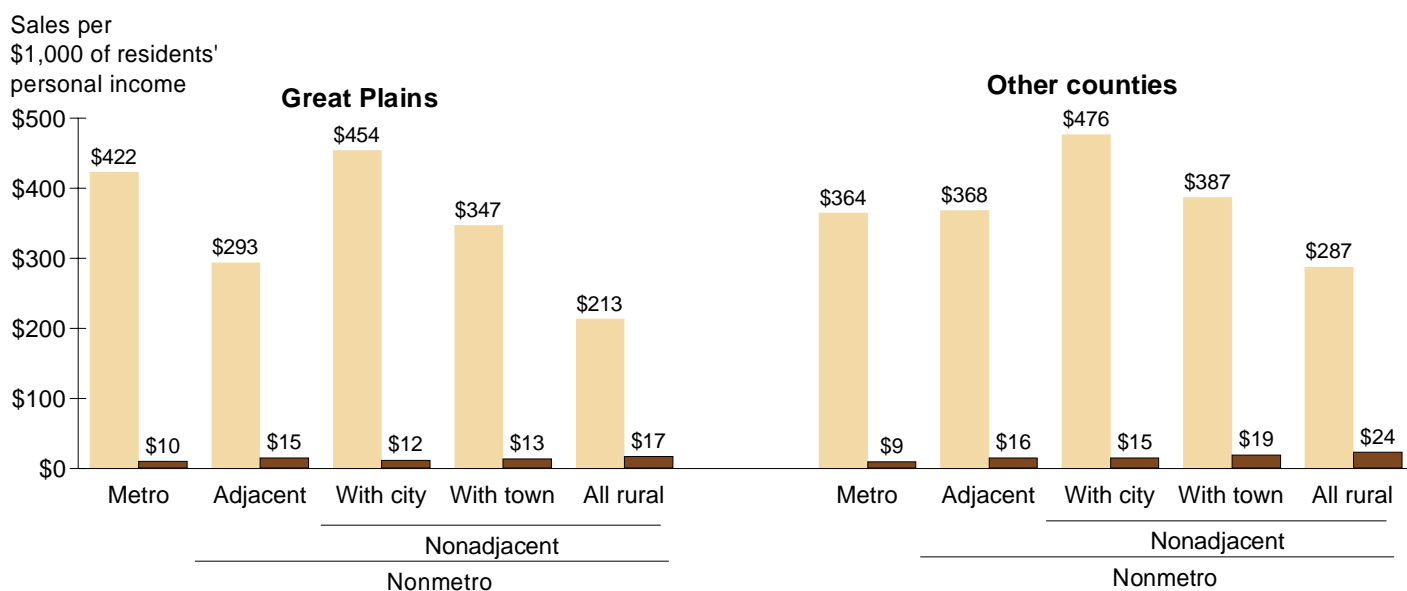
Figure 2

Retail establishments per 1,000 residents and sales per \$1,000 of residents' personal income, 1992

There are more retailers, both employers and nonemployers, relative to population in all types of nonmetro areas than in metro areas...



...in both the Great Plains and elsewhere, retail employers average the highest sales relative to local income in nonmetro nonadjacent counties with cities; conversely, retail nonemployers average slightly higher sales relative to income in the most rural nonadjacent counties



Source: Calculated by ERS using establishment and sales data from the 1992 Census of Retail Trade, 1992 population from the Bureau of the Census, and 1992 personal income from the Bureau of Economic Analysis.

Food is the most prominent example of staples, with clothing and gasoline being other significant examples.

Pool of Ready Entrepreneurship

Researchers debate about the share of new jobs created by small versus large employers. Nonemployers do not figure in that debate because most datasets exclude them and they are not creating jobs for others. Home-based and microbusinesses, however, are fostered by many

organizations concerned with local development. For example, the Aspen Institute runs a Self-Employment Learning Project. The University of Colorado at Denver, with support from U S West Foundation, has developed the NxLevel program to train rural entrepreneurs to start small businesses or write business plans for businesses they already run. And, the National Endowment for the Arts and the U.S. Forest Service run a small grants program to help artisans in forestry-dependent rural communities improve their business and marketing

skills and become commercially successful. The breadth of the microenterprise development field is reflected in the 1996 Directory of U.S. Microenterprise Programs, which contains information on 328 programs offering lending, technical assistance, and/or training to aspiring entrepreneurs.

This analysis has shown that nonemployers provide service and retail shopping opportunities, especially in small niches of the economy. They may represent a pool of entrepreneurial skills that could lead to larger businesses employing workers. As rural communities, especially remote Great Plains communities, look for ways to expand and diversify their economies, the business acumen of local nonemployers is one resource to tap.

For Further Reading . . .

Aspen Institute, Self-Employment Learning Project, 1996 *Directory of U.S. Microenterprise Programs, 1997*. Information on this and other microbusiness publications is available on the Aspen Institute's internet homepage at <http://www.aspeninst.org/dir/publications/eoppubs.html>

H. Frederick Gale, "Rural Consumers Go to Town with Retail Dollars," *Rural Development Perspectives*, Vol. 11, No. 1, October 1995, pp. 8-15.

David A. Henderson and Fred K. Hines, "Increases in Rural Income May Not Help Smalltown Retailers," *Rural Development Perspectives*, Vol. 6, No. 3, June-Sept. 1990, pp. 31-36.

U.S. Department of Commerce, Bureau of the Census, *1992 Census of Retail Trade Nonemployer Statistics Series Summary*, RC92-N-1, Feb. 1995. Document for sale by the Government Printing Office or it can be read or printed from the Census Bureau's internet homepage at <http://www.census.gov/prod/www/titles.html>

_____, *1992 Census of Service Industries Nonemployer Statistics Series Summary*, SC92-N-1, March 1995. Document for sale by the Government Printing Office or it can be read or printed from the Census Bureau's internet homepage at <http://www.census.gov/prod/www/titles.html>